



Foreign Agricultural Service

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Argentina

Livestock and Products

Argentine Beef Export Update

2000

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Report Highlights:

The Argentine beef industry has been seriously affected by problems related to foot-and-mouth disease in Argentina and a fall in demand for beef in Europe (due to consumer concerns over BSE). These problems are expected to result in lower exports in both 2000 and 2001.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Buenos Aires [AR1], AR

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The Argentine beef export sector is experiencing serious problems in the high value US, Canada and EU markets. These problems are expected to result in a large decrease in the total value of beef exports and are expected to have a somewhat smaller impact on the quantity of exports and production.

Post is revising downward slightly the estimates for domestic production in 2000 and 2001 to reflect current problems in the industry. Post proposes no further reductions in current USDA export estimates of 360,000 tons for 2000 and 390,000 tons for 2001. (Note: Current estimates reflect a 20,000 ton decrease in 2000 and 30,000 ton in 2001 from initial export estimates in annual report .)

Argentine fresh beef exports to the United States and Canada were suspended in August following the discovery of cattle (presumably smuggled in from Paraguay) carrying the antibodies for foot-and-mouth disease (FMD). These two markets provided good commercial opportunities for higher priced cuts of local fresh beef. Prior to August, Canada was importing a monthly average of 3,000 MT (product weight) and the US 2,000 MT. Based on preliminary official data and market sources, part of the beef originally destined for these two markets was redirected (in August and September) to Chile and Israel. The government, meat packers and cattlemen place a high priority on these two markets, which pay a premium price for fresh beef.

The mad cow disease (BSE) crisis in Europe has also hit the sector badly. Although Argentina has a relatively small quota of "Hilton" cuts for exports to Europe (28,000 MT) it is very important value-wise as it represents exports valued at almost \$200 million. Unlike previous BSE events in Europe, where the main problem was limited to the United Kingdom, this time the crisis has impacted tremendously in Germany. Argentina exports roughly 75 percent of its Hilton quota to Germany. Despite the BSE-free status of Argentine beef, exports have fallen in response to a dramatic drop in German beef consumption. Prices for beef exports under the Hilton quota dropped to a minimum of \$5,700 per MT, compared to the average of the first nine months of \$7,300 per MT, and exporters are still having great difficulties in selling to German importers.

The Secretariat of Agriculture has announced that it will invest \$300,000 in an advertising campaign in Germany to show the wholesomeness of Argentine natural beef. Local packers are expected to match the amount the Government will spend.

PSD Table						
Country	Argentina					
Commodity	Meat, Beef and Veal				(1000 MT CWE)	(1000 HEAD)
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Slaughter (Reference)	13000	13000	13300	13300	13500	13500
Beginning Stocks	27	27	27	27	25	25
Production	2840	2840	2940	2900	2970	2950
Intra EC Imports	0	0	0	0	0	0
Other Imports	6	6	8	8	6	6
TOTAL Imports	6	6	8	8	6	6
TOTAL SUPPLY	2873	2873	2975	2935	3001	2981
Intra EC Exports	0	0	0	0	0	0
Other Exports	346	346	360	360	390	390
TOTAL Exports	346	346	360	360	390	390
Human Dom. Consumption	2500	2500	2590	2550	2590	2570
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	2500	2500	2590	2550	2590	2570
Ending Stocks	27	27	25	25	21	21
TOTAL DISTRIBUTION	2873	2873	2975	2935	3001	2981
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0